

FISCAL NOTE

SB 1194 - HB 1086

March 11, 1997

SUMMARY OF BILL: Sets a cap on the taxable portion of aircraft sales at \$25,000, for state sales tax purposes. Any amount over \$25,000 of the purchase price of an aircraft would be exempted from the sales tax. Currently the purchase price of aircraft is fully taxable for state sales tax purposes. The portion applicable to local sales tax is capped at \$1,600 for any single item, including aircraft.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$500,000

Estimate assumes a decrease in state revenues exceeding \$500,000, since there were 31 aircraft purchases in FY95-96 that would have been affected by the provisions of this bill, totaling \$22 million. One such aircraft was purchased for \$12.5 million, with an applicable state sales tax of \$751,500. While this is not a typical purchase the average purchase price in FY95-96 of affected sales was \$324,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director